

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS reaches agreement with Doctors Benefit Insurance Company, LTD.

IR-2005-114, Oct. 3, 2005

WASHINGTON – The Internal Revenue Service announced today that it has reached an agreement with Doctors Benefit Insurance Company, Ltd. (“DBIC”), assignee of xélan Insurance Company Limited. The agreement resolves various issues relating to group supplemental insurance programs offered to members of xélan, The Economic Association of Health Professionals, through four separate trusts created by xélan, Inc.

Without admitting or denying wrongdoing or legal liability under the Internal Revenue Code, DBIC agreed to cease operations and return approximately \$500 million to participants in the programs. DBIC is being required to withhold taxes on the payments, which will be taxable to the participants when received. Additionally, under the terms of the agreement, DBIC agreed to make a \$2.34 million non-deductible payment to the Internal Revenue Service to resolve issues arising in connection with its issuance of the supplemental policies.

The agreement included a disclosure authorization that allowed the IRS to issue this release. Section 6103 of the Internal Revenue Code strictly limits the IRS in disclosing taxpayer information.